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THE Agricultural Situation

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Number 2

Meeting Changing Conditions On Dairy Farms



DAIRY FARMING is generally recognized as a fairly stable business, less influenced by weather than many other types of farming, and less subject to violent price changes from year to year. Net returns from dairying, nevertheless, have declined rather severely over the past 2 years.

Prices received for milk and butter-fat have weakened, due in part at least to an upsurge in production. Costs have remained high or have increased.

The resulting price-cost squeeze has reduced net incomes from the postwar peak by nearly a third in some areas. Even in those areas, however, net returns are still much higher than in 1937-41, both in dollars and in purchasing power. *But costs are high and many dairy farmers are concerned about the future.*

Much will depend upon what happens to market outlets. Unlike other farm products, the total market for milk and its products has not expanded with population growth in recent years.

Our total population increased by 20 million or nearly 15 percent from 1945

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"Production Adjustments in Dairying in View of the Outlook" was one of the reports presented at the 31st Annual Outlook Conference. The report was prepared by farm management economists R. P. Christensen and M. S. Parsons, now with the Agricultural Research Service, U. S. D. A. The accompanying digest is by the same authors. If you want more of the facts and figures, ask for the full 23-page report.

Our outlook issue of the *Agricultural Situation* was published in November. But in subsequent issues we have been giving you additional information from the Conference that we thought might be of seasonal interest. Just in case you missed seeing them, an article with suggestions to *cotton growers* appeared in the December issue, and one of interest to feed grain and livestock farmers will be found in the January issue.

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to 1953, whereas total production of milk was about the same in 1953 as in 1945. But, due largely to a big decrease in use of butter, not all of the milk produced in 1953 could be moved

(Please turn to page 6)

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Fewer Meat Animals, Better Prices, This Winter and Spring

FARMERS WILL SEND fewer meat animals to slaughter the next few months than they did a year ago—and stand a good chance of selling at prices as good as or better than those of last year.

Farmers' reports to the Crop Reporting Board show that the number of cattle and calves on feed January 1 was 9 percent smaller than last year, the number of sheep and lambs on feed was down 4 percent and the number of fall pigs saved was 9 percent less than the 1952 fall crop. Marketings of these classes of livestock make up an important part of total supplies from winter through mid-summer.

These reductions illustrate how quickly the supply and price situation in livestock can change. Two years ago, hog prices were depressed. Farmers cut production and now hog prices are relatively high. Last year cattle and lambs were in trouble. Now production has been cut back enough to make the outlook a little brighter and farmers may want to consider this when making their marketing plans for this winter and spring.

Marketings of fed cattle promise to be a little later this year than last. Corn Belt feeders reported one-third of their cattle on feed January 1 weighed less than 600 pounds and that they intended to market a larger part of the total number after April 1 this year than last. The number of sheep and lambs on feed was relatively largest in Plains and Western States, normally late marketers, indicating a possibility of a rather large late-winter supply of fed lambs. Hog marketings, however, will likely be small throughout the entire winter and spring.

Increased marketings are likely only for middle and lower grade cattle not sold from feedlots. The rate of cow marketing in particular is higher than a year ago. Sales of these animals, however, are not such an important part of total supplies at this season of the year as in the fall.

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The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work. Subscription rates on front cover.

Live Animals Steady to Higher in the Months Ahead

Because of the reduced supplies of most meat animals, prices of livestock during the next few months are expected to be steady to higher. Prices of finished cattle of higher grades seem likely at least to hold their present level in contrast to the decline of last winter. Even after probable seasonal declines during the spring, they should average higher than during the spring months of 1953. Prices of Choice steers at Chicago at late January were around \$25.00 per 100 pounds, about the same as on the same date last winter and nearly \$3.00 above the relatively low prices of last April-June.

Lamb prices are expected to go up during the winter. If this rise is as great as is usual for this season, lamb prices may at times, this winter and spring, be higher than a year earlier. Higher hog prices than last year seem assured, until marketings from this year's spring pig crop get under way late this summer.

Earl E. Miller

The Proposed Farm Program

A Boildown of the President's Recommendations to Congress

PRESIDENT EISENHOWER on January 11 sent a message to Congress outlining his recommendations for the Nation's agriculture. These recommendations deal with price supports for the 1955 and later crops and do not affect supports already announced for 1954 crops.

Among the important features of the program proposed by the President are the following:

1. That the price support provisions of the Agricultural Acts of 1948 and 1949 be permitted to become effective after 1954 as now scheduled in the law. This would mean that for basic commodities except tobacco the minimum level of price support would be related to supply. The minimum level at which price supports could be set would be at or near 90 percent of parity when supplies were moderate. They would be reduced when supplies were large, but not below 75 percent of parity. The maximum price support level would continue to be 90 percent of parity except under specific emergency conditions. Price support for tobacco would be continued at 90 percent of parity when marketing quotas are in effect.

2. The new program, as proposed, should be given an opportunity to start operating without the handicap of large accumulated surpluses. This should be done by setting aside up to 2.5 billion worth of our surplus commodities and eliminating them from our price support computations.

3. Modernized parity should become effective for all commodities on January 1, 1956, as now scheduled by law. Provision should be made for moving from the old to modernized parity in steps of 5 percent of the old parity per year, beginning in 1956, until the change from old to modernized parity has been accomplished. This would mean gradual reductions in parity prices of upland cotton, wheat, corn, and peanuts.

4. A key element of the new program would be gradual adjustment to new circumstances and conditions. In keeping with this policy of gradual adjustment, the Secretary of Agriculture will use his authority to insure that year-to-year variations in price support levels will be limited.

With a few exceptions, the President recommended that for nonbasic commodities the legislative authority for price support be unchanged. Present legislation requires price support for milk and butterfat, wool, mohair, tung nuts, and honey.

For all other nonbasic commodities (*except potatoes*) present law permits, but does not require, price support at any level up to 90 percent of parity.

It was recommended that tung nuts and honey be shifted from the mandatory to the permissive list, and that potatoes, for which any price support or surplus removal activity is now prohibited, be added to the permissive list. A change in the method of carrying out the price support for wool was suggested. This change of method involves the use of direct payments in lieu of loans.

It should be emphasized that much of the action requested by the President would require legislation by Congress. Some of the recommendations, however, will become effective in 1955 provided Congress does not pass additional legislation in the meantime. This is true because some of the important recommendations are already in the law and scheduled to become effective for 1955 crops.

The President's message also called attention to the fact the chief beneficiaries of the price-support policies have been the 2 million larger farms that sell over 85 percent of all the farm products sold. The individual production of the remaining farms is so small that the farmers operating them derive little benefit from price supports. During 1954, the Secretary of Agriculture, in cooperation with the National Agricultural Advisory Commission, will give further special attention to the problems peculiar to small farmers.

C. Kyle Randall

"Bert" Newell's Letter to Crop and Livestock Reporters

REMEMBER THAT STORY about "Chicken Little" who ran around telling all the other chickens, ducks, and all the barnyard animals that the sky was falling?

Of course, we are inclined to think of that as a silly little story; made up to amuse the kids; possibly also to begin to teach the youngsters to beware of rumors. But the thing that amazes me, every now and then, is the way we oldsters grab on to some of the craziest sort of stories, and even help them along by repeating them.

How some stories get started is a mystery, but sometimes it seems that the speed with which they spread puts our modern methods of communication to shame. Sometimes, I guess, these things get started by what we call pure gossip. At times a rumor is started maliciously by someone for purely selfish reasons. Then, of course, there is the case where a yarn gets spread around from pure ignorance . . . like "Chicken Little" who got knocked on the noggin by a stray bean (*or was it a cabbage leaf?*) and promptly assumed it was a piece of sky.

No matter how these rumors get started, it is a certainty that misinformation can do a lot of damage; sometimes only to an individual, but sometimes to a whole group, or even a nation. It's dangerous stuff, and all I want to do is just throw out the caution that you be sure of sources of information before you depend upon it too much, and particularly before you take action that will really affect you or your family.

Now, this is particularly applicable when you are making decisions as to your farm plans, or decisions about marketing your products—important decisions that represent a heavy investment of your dollars and plain hard work. Of course, I am going to say be sure to look at the official crop, livestock, and price reports. You know where the information comes from and

you know how it is handled. I know someone is likely to say these reports aren't always right—maybe you'll say it yourself. If you don't think they are accurate that's your privilege, but if someone tells you they are wrong, you had better figure out just why they are telling you that.

In either case there are a few things you should remember. The reports issued by your agricultural reporting service are compiled for the most part from information supplied by a large number of farmers. They are put together by a group of men and women who have only one object in mind and that is to provide you with the most accurate information they possibly can. As a matter of fact, there is a law that forbids any employee in this service from dealing in agricultural products. So it all boils down to the fact that in the preparation of the reports there is no bias—in other words, we have no axe to grind.

There are some who complain that the estimates change from time to time. Well, I expect every one of you have had to change your report from time to time as weather and other factors change the prospect. Then, too, I suspect some may have to change their reports on other things. Whatever the reason for change, we think it is our job to tell the truth about what these changes are; and that is exactly what you must have if you are going to do the best job of planning and marketing.

Any way you look at it, these reports are of tremendous value to you, and to every one in this country, if the reports don't do any more than protect all of us from the wild sort of rumors that frequently get started, whether by accident or design.

Stop and think for a minute about where all of us would be if we didn't have an unbiased agency putting out the information on crop acreage, production, livestock numbers, and prices. Maybe we would have the sky falling on us; or, at least we might not be any more certain than "Chicken Little" of what did fall on us in the confusion that would result.

S. R. Newell, Chairman
Crop Reporting Board

Equipment Getting Bigger

On Corn Belt Farms

THREE-PLOW TRACTORS and 4-row equipment are rapidly replacing 2-plow tractors and 2-row equipment on farms in the major cash grain area in the Corn Belt. This area covers 28 counties in east central Illinois and west central Indiana where sales of corn, oats, and soybeans account for most of the income received by farmers.

Recent farm surveys reveal the following facts about changes in the size of equipment used on commercial farms in this area:

About 86 percent of the tractors bought in 1950-52 were designed to handle as many as three 14-inch plows whereas only 18 percent of the tractors made before 1940 and still on farms in 1952 were designed for plows that large. Corresponding figures for the 1940-44 and 1945-49 models are 31 percent and 54 percent respectively.

Most of the commercial farms in this area now have one or more 3-plow tractors. Of the 261 farms with 70 or more total acres for which data are available, 73 percent had a tractor in 1952 that was rated by the manufacturer as large enough for three 14-inch plows.

The advantage in having more powerful tractors undoubtedly stimulated tractor sales in this area in recent years. About 29 percent of the tractors on these farms in 1952 were less than 3 years old while 46 percent of the farms had at least one tractor that was less than 3 years old. The average number of tractors per farm of 70 or more acres was 2.0 in 1952 compared with 1.6 in 1947.

Big Tractors Mean Larger Plows, Planters and Cultivators

In order to take full advantage of the greater power available in the newer and larger tractors, farmers are buying larger plows, larger disks, larger planters and larger cultivators. From

1947 to 1952 the proportion of the plowing done with 3- to 5-bottom plows increased from 39 percent to 68 percent. Planting with 4-row planters increased from 39 percent to 76 percent. Cultivating with 4-row cultivators increased from 6 percent to 62 percent.

This larger machinery represents a substantial increase in capital investment. It takes about \$1,500 more to buy a 3-plow tractor with plow, disk, planter and cultivator to match than a 2-plow tractor with correspondingly smaller implements.

Big Machines Save Labor in Busy Seasons

The larger machinery saves many hours of man labor. Particularly important is the fact that much of this labor is saved in the busier seasons of the year. On a 225-acre cash grain farm, for example, the plowing, disking, harrowing, planting and cultivating can be done in about 200 fewer hours with a 3-plow tractor and 4-row equipment than with a 2-plow tractor and 2-row equipment. This cuts the labor for these operations by more than a third.

Not only is the labor requirement substantially reduced by the larger machines but the chances of getting the work done at the proper time are greatly increased.

Many farmers can handle their present acreages without getting larger equipment. Some of these would like to get more land to operate, and would then change to larger equipment in order to cut down on their production costs. But their main difficulty is in getting more land. Most of the advantage, of course, would be in labor saved. Larger tractors use proportionately more fuel than do small tractors. So there would be little, if any, saving in the cost of tractor fuel.

Herbert C. Fowler

Meeting Changing Conditions On Dairy Farms

(Continued from cover page)

into consumption at prevailing prices. In fact, we accumulated stocks of dairy products last year equivalent to at least 5 billion pounds of whole milk, bringing total stored stocks to about 8 billion pounds of milk equivalent.

The picture is not all black, of course. The surplus of production in relation to consumption was equivalent to less than 4 percent of total production in 1953. And such a surplus would disappear if each person in this country would eat an additional half-ounce of butter or about an extra glass of milk a week. Population also is increasing at a rapid rate, and we will need as much milk as we now are producing within 2 or 3 years if present rates of consumption per person are maintained.

But the dairy farmer in adjusting to changing conditions is faced with the hard facts of a price-cost squeeze which is already here. The squeeze may lessen in the future as population catches up with production or if demand should strengthen for some other reason. It may get worse if demand should weaken or if total milk production should increase further. In any case it cannot be ignored in planning for the future.

What To Do About It?

What can dairymen do on their own farms to meet this challenge? Each farmer must make his own adjustments depending on his resources, his markets and his inclinations. Some may find that they can profitably shift emphasis to other farm enterprises or to off-farm employment. This has already been done to quite an extent as indicated by the fact that the number of farms reporting sales of dairy products decreased 24 percent from 1939 to 1949. The farms where such shifts are likely to be desirable in the future are those that have some disadvantage in dairying.

Such a disadvantage could come from having a farm poorly adapted to modern dairying, for example a rough farm with poor soil and thus with no good opportunity to use power equipment or to grow high-quality forage. Or, the disadvantage could result from having a poor market such as might be the case in butterfat areas if the demand for butter should continue to decline.

Good Management for Better Returns

Most dairy farmers, however, will find that dairying is still the best alternative and that their incomes will depend on the kind of a job they do with the dairy enterprise. Adjustments to meet changing conditions on a dairy farm are mostly long-time in nature and usually not desirable unless they have long-run as well as short-run possibilities for improving net incomes. But adjustments that have such possibilities can be started in 1954 and should help both in the near future and for the longer pull.

Dairy farmers have been improving their efficiency and some individuals have made remarkable progress. But the over-all change has been slow as compared to several other types of farming. Many dairymen still have good opportunities to improve their incomes by wider use of various proven practices in breeding, feed production, feed utilization, and other phases of the dairy business. Some of these practices can be used to reduce costs without increasing milk output very much. For example, improved forage can sometimes be used to replace a part of the grain in the feeding program with little change in milk production. But forage improvement usually results in more, as well as better quality, forage. The expanded feed supply provides the base for keeping more cows, which can often be done, particularly if improvements can also be made in work methods and building arrangements so as to save labor and allow the regular labor force to handle the heavier work load. Thus the effect of an improvement program is often more milk production on the farm in question. If adopted widely by dairy farmers as a group, it may also mean

more total milk unless offset by other farms reducing output or going out of dairying entirely.

But even if the result is more milk and lower prices, the individual producer who adopts the improved practices will usually be better off for having done so.

It must be recognized, however, that for success an expansion program in dairying requires first of all good management. In most cases it also requires a fairly large additional investment in livestock, buildings, and equipment. Such investment would usually pay off under good management and normal price relationships. But, combined with increased operating expenses, it

would mean higher risks in farming and would leave the operator more vulnerable to mistakes, bad luck, or unfavorable price relationships.

Farmers' opportunities will vary by regions, depending both on the production outlook and the market outlook. In areas producing for expanding fluid markets, most dairy farmers should find it profitable to gradually increase production, particularly if they can adopt cost-reducing methods in the process. In areas producing milk for manufacturing outlets, some farmers may find other enterprises or off-farm employment to be their best alternatives.

R. P. Christensen and M. S. Parsons

On One-Man Dairy Farm

HOW BETTER COWS AND BETTER PRACTICES BOOST DAIRY INCOME

Labor Income of Operator: With Usual Practices*

AVERAGE COWS  \$1,553

GOOD COWS  \$2,959



With Improved Practices*

AVERAGE COWS  \$2,734

GOOD COWS  \$5,733

BASED ON DATA FROM "REDUCING DAIRY COSTS ON MICHIGAN FARMS," MICHIGAN AGR. EXP. STA. SPECIAL BULL. 376 (BAE COOPERATING)

INCOME DATA BASED ON 1945-49 PRICE LEVEL

*CROP AND LIVESTOCK PRODUCTION PRACTICES

BAE 49335-XX

An operator of a one-man dairy farm in southeastern Michigan could expect to about double his labor income by either changing from usual to improved crop and livestock production practices or substituting good cows for average cows.

If he made both types of adjustment in his dairy farming he could expect more than a three-fold increase in his labor income. Calculations were at the 1945-49 price level.

Using Machines to Advantage On New England Dairy Farms

IN TERMS OF USE of farm machines, New England dairy farms are relatively small. How to adapt modern labor-saving machinery to these farms is a major problem. Farm machines run into money. This means high annual costs of ownership. Many of the machines are idle for much of the year. The considerable sum of money needed to buy them may keep some young people from starting dairy farms of their own; may be an obstacle to prevent farmers already established on small farms from introducing more efficient ways of production.

But with greater mechanization, and with the specialization resulting from it, has come the growth of custom services for many farm operations. Farmers may now hire a wide variety of machines and services. Both farmers and specialized custom operators provide them. In New England, neighbors do the bulk of the custom work as a sideline to their own full-time farming operations.

A farmer may supply only one type of service—he may bale hay, plant corn, or harvest forage. Others may do several types of seasonal work with their machines—they may prepare gardens in spring, mow and rake hay in summer, and saw wood and remove snow in winter. Altogether these farmers and custom operators will perform perhaps 40 or 50 different jobs for their neighbors and others.

The bill to New England farmers for the custom work they hire done is a big one. In 1949, it came to \$5.6 million. The share spent by dairy farmers came to \$3.5 million. On a sample of some 20 farms in the Belmont, New Hampshire area, hours of custom work hired totaled 273; man-hours, 398; and number of acres involved, 172.

The prices charged for this work vary considerably. Most farmers and custom operators charge according to the prevailing rate in the community or by what they themselves would be willing to pay for the service. Charges vary

between specialized custom operators and farmers who do custom work as a sideline.

What To Own? What To Hire?

The question boils down to this. What is the best combination of owned and hired equipment for dairy farmers?

In a study of production efficiency on dairy farms in New England, the agricultural experiment stations of New Hampshire and Connecticut, with the Agricultural Research Service of the United States Department of Agriculture, made a study of the best combinations of equipment for 1-man, 2-man, and 3-man dairy farms. The resulting report, by G. E. Frick, S. B. Weeks, and I. F. Fellows, will appear as a bulletin of the New Hampshire station.

The study was made in three farming communities—one each in New Hampshire, Connecticut, and Massachusetts. In the Lebanon area of Connecticut, specialized dairy farms are found; in the Ashfield area of Massachusetts, the farms are less intensive; and in the Belmont area of New Hampshire, moderately extensive dairying is carried on.

Results of the study showed that if all field jobs were done by the best combination of equipment and the best combination of owned and hired machinery, the operator of a 1-man farm would need to invest (at 1949 prices) about \$7,200. Investments for other farms would be higher—for the 2-man farm, \$7,900; for the 3-man farm, \$9,300.

The smallest of the farms would benefit most from hiring certain jobs done rather than owning the equipment as some of its machines would be idle much of the time. The large farm would benefit least by hiring machine work done, for its own machines and its labor force would be employed productively most of the time.

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More Fall Freshenings

Boost Winter Milk Production

A YEAR AGO, milk production on U. S. farms was remarkably heavy during the winter months, time of year when the output usually has been low. The unusually heavy flow persisted from December 1952 through March 1953, then during the summer dropped back to more nearly average levels. At the time, the unusually heavy winter production appeared to be due to a combination of exceptionally favorable circumstances including mild weather, heavy concentrate feeding, and increasing milk cow numbers which would be unlikely to recur simultaneously. However, this winter, when milk production again pushed to new high levels for November and December, it appeared that some more permanent factor might be contributing to the heavy winter milk flow.

Farmers can increase winter milk production most readily by increasing the proportion of fall-fresh milk cows in their herds. Thus they have more cows at high milk flow during the winter. An analysis of data on the percentage of milk cows being milked on the first of each month in crop reporters' herds suggests that in the last two years some shift toward fall freshening has been taking place.

Percentage Increase Noted

The percentage of milk cows in production from December 1, 1952, through April 1, 1953, ranged from 1 to 3 percent higher than the ten-year average. This was preceded by a 2 percent below-average percentage of cows milked on August 1 and September 1, 1952, when cows to freshen in the fall of 1952 would normally have been dry.

¹ For tables and other details see the December *Dairy Production* report, issued by the Crop Reporting Board, Agricultural Marketing Service, USDA.

Again in 1953 the percentage of cows milked was relatively low on August 1 and September 1, then sharply above average on December 1 and January 1.

Data From 3 Dairy States

Data on the actual freshenings of milk cows in each month are available for sample groups of farm herds in New York, Michigan, and Wisconsin. In these three major milk producing States, there has been a distinct shift from spring to fall freshening over the period from 1945 to date. In the period 1945-1949, about 27 percent of the total annual freshenings took place in the months of September, October, and November. In 1952, the percentage of fall fresh cows reached almost 30 percent, and in 1953 exceeded 31 percent of the annual number. In contrast, freshenings during February, March, and April dropped from about 33 percent of the total annual freshenings in the 1945-1949 period to 30 percent in 1952 and 29 percent in 1953.¹

Since heavy winter milk production this year is due at least in part to heavier fall freshening it is unlikely that milk production in 1954, though very high, will be as much above average levels as the percentage increases recorded in recent months.

Factors influencing the shift toward fall freshening include increased size of milking herds, improved breeding and management practices and pricing programs designed to attain more even seasonal production.

Over the long run dairymen, particularly in fluid markets, can be expected to benefit from somewhat more fall freshenings. The advantage would come, of course, through higher output of milk per cow, higher average prices for milk and a better adjustment of milk output to handling facilities.

John L. Wilson

Larger Turkey Crop Expected This Year

TURKEY GROWERS plan to increase turkey numbers this year by 7 percent. If growers carry out their intentions, the number of turkeys raised will be close to 60 million, compared with about 56 million raised last year. All parts of the country expect increases.

These are the prospects based on growers' intentions on January 1, as reported to the Crop Reporting Board, *Agricultural Marketing Service*, U. S. Department of Agriculture.

About 24 percent of all the turkeys to be raised this year are expected to be Beltsville White and other light breed birds, compared with 23 percent in 1953. The present favorable turkey-feed price relationship following a fairly profitable 1953 season is the principal reason given by turkey growers for the intended increase in production.

Turkey growers in the Western States, the largest commercial producing area in the United States, plan a 2 percent increase in the number of heavy breed turkeys and a 29 percent increase in light breed birds equal to a 5 percent increase in all turkeys.

All areas of the country plan increases in heavy breed turkeys this year. Increases in light breed birds are planned in all areas except the East North Central, which shows no change, and the South Atlantic which is expecting a decrease of 1 percent.

The number of turkeys actually raised usually varies somewhat from January 1 intentions, the difference depending on prices of feed, supply and prices of hatching eggs and poults, and the sale of turkeys remaining in growers' hands. Prices received by growers for turkeys during the last half of 1953 averaged about the same as in 1952, while feed prices averaged 10 percent lower, resulting in a more favorable turkey-feed price relationship.

Outlook Highlights

. . . FEBRUARY 1954

IN THE COUNTRY as a whole, business activity eased off slightly in the last 3 months of 1953. Further adjustments from last year's record levels are likely but no very large reduction in demand for goods and services is expected in the coming months. Measured in current prices, the Nation's total output of goods and services during the final quarter of 1953 was slightly below the record rate of last year's second quarter.

Consumer income has been running only about 1 percent below the record third quarter rate. The January 1 reduction in income taxes should boost income available for spending to or above the fourth quarter level.

Prices for hogs, corn, soybeans, and some other products have gone up from last fall. Marketings have declined seasonably and the large quantity of farm products going under support have reduced commercial supplies.

Dairy Products

Milk production, record high last year, has continued high in recent months. Prices paid by dealers for milk used in fluid distribution have begun to decline seasonally and have been somewhat below a year earlier. Output in December was up 5 percent from a year earlier. Many farmers are learning to freshen more of their cows for winter production than formerly. Favorable weather, heavy feeding of concentrates, and increasing numbers of milk cows were other factors boosting fall and winter production of milk.

Poultry and Eggs

Farmers had 3 percent more hens and pullets (hens and pullets of laying age and pullets not of laying age) on January 1 than a year earlier. With strong demand from consumers and early activity by egg breakers, the seasonal decline in egg prices has been less than usual.

Broiler prices in mid-January had recovered part of the mid-December slump. Prices are not likely to rise

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Are You Seeding More Pasture And Hay Crops This Spring

. . . All About the Seed Situation, for Spring Sowing

Acreages available for grasses and legumes this year will greatly exceed those of last year. Although there are some shortages, supplies of most seeds for spring sowing are believed ample. And prices probably will be rather favorable, too . . . for farmers who want to start pastures and increase their production of hay.

Agricultural authorities indicate that 25 million acres of productive crop land will have to be diverted this year from wheat, cotton, and corn . . . in order to comply with acreage controls and marketing quotas, and to head off additional burdensome surpluses. It is unlikely that much, if any, of this wheat, cotton, and corn land will lie idle this year. And the availability of this land for other crops will serve as a stimulus for the Department's grassland program to get into high gear. Also, more re-seeding than usual will be necessary as the result of last year's severe drought in many sections of the country.

The supply (1953 production plus carry-over) of the 18 grass and legume seeds chiefly sown in the spring is now estimated by USDA's Crop Reporting Board at 722 million pounds, about 9 percent less than last year but 4 percent above average. Supplies are considered ample to abundant for alfalfa, red clover, alsike clover, Ladino clover, smooth brome grass, fescues, and bentgrass. But supplies of lespedeza, timothy, redbud, and Kentucky bluegrass are very short, and additional imports of orchardgrass, sweetclover, and white clover will be necessary if as much of these seeds is used this season as a year ago. Although the supply of crested wheatgrass is much below average and Sudangrass is only slightly above average, no shortage of either is anticipated as supplies currently are about half again as large as those of a year ago.

Imports of grass and legume seeds have been running 15 percent less than a year ago but about 40 percent larger

than the average of the previous 5 years. During the last 5 years most, if not all, of our imports of alfalfa, sweetclover, red clover, alsike clover, smooth brome grass, red fescue, and timothy came from Canada, whose seed is well adapted for our use. The 1953 production of alfalfa and sweetclover seed in Canada was below average whereas production of the others was above average—in fact, last year's crops of red fescue and smooth brome grass were record high.

Various Seeds—Supplies, Prices

Information regarding supplies, domestic disappearance or consumption, and wholesale prices early in January for 18 grass and legume seeds for sowing on meadows, pastures, and lawns follows.

Alfalfa: Supply of alfalfa seed for the 1953-54 planting season was estimated at 210 million pounds, largest on record but only slightly larger than a year ago. About a third of the 1953 crop was certified. The supply last fall was half again as large as the 1952-53 domestic disappearance. Some of this supply was used last fall and 6 million pounds were sold by the Government early in November for export. Early in January wholesale prices of alfalfa seed averaged about 20 percent less than last year for common and 30 percent less for certified seed of improved varieties. More alfalfa seed is expected to be sown than ever before because of the sharp decline in prices and upward trend in consumption and also because drought last summer and fall curtailed seedings that otherwise would have been made.

Red Clover: The supply of red-clover seed last fall, smallest in 4 years, was 8 percent less than a year earlier but 9 percent above average. Even if domestic disappearance during the 1953-54 season is no larger than the average of 106 million pounds for the last three seasons, carry-over at the end of next June

will be the smallest in 4 years. Early in November the Government sold 4,380,000 pounds for export. One factor that will tend to hold down the demand a little is the lower prices for alfalfa seed. However, many acres of red clover that were damaged by the drought last year will probably be re-sown to that crop. Early in January prices of red-clover seed were 8 percent lower than a year ago and 27 percent below average.

Alsike Clover: Supply of alsike clover last fall, largest in 7 years, was nearly a third larger than a year earlier and nearly a fourth above average. It was about 90 percent greater than the domestic disappearance for the 1952-53 season. Because prices of alsike-clover seed, currently only about half the average, declined more than those of almost any other legume, some of this seed may be substituted next spring for relatively higher priced seeds of other legumes.

Sweetclover: The supply of domestic sweetclover seed last fall was the smallest in 5 years, nearly a fourth smaller than a year earlier, and about a fifth below the domestic disappearance last season. Furthermore, imports during the last 6 months of 1953 were only 58 percent as large as last year, reflecting the below-average crop in Canada in 1953, the only source for imports into the United States. Currently the price of this seed is 9 percent higher than last year but about a fourth below average.

Big Surplus of Ladino

The supply of Ladino clover seed last fall was the largest on record and about 5 times the average domestic disappearance during the last 4 years. Early in November the Government sold 2 million pounds of Ladino clover for export. Ladino-clover prices are less than half those of January 1953 and only a little more than a fourth of the 5-year average. While there is plenty of Ladino, supplies of *white clover* seed are the smallest in 4 years. But wholesale prices of white clover, although down a fourth from average, are holding about the same as last year.

Lespedeza: Currently the supply of lespe-deza seed is the smallest on record (since 1939). It is 38 percent smaller

than a year ago and only 41 percent of average. This year's supply falls far short of equalling even the relatively small disappearance during the last 2 years of depleted supplies. Prices are slightly higher than the near-record prices last January and are $2\frac{1}{4}$ times the average. Best advice is to buy seed early, but buy only good seed. If you cannot get it at a fair price, consider substituting Southern grown alfalfa or other adapted crops.

Timothy: Domestic supply of timothy seed last fall, estimated at 35.8 million pounds, was a fourth less than a year earlier and less than half the 10-year average due to the small 1953 production and the small carryover. But because of the record large imports (8,346,300 pounds) during the last half of 1953, the total supply was 18 percent larger than the domestic disappearance during the 1952-53 season. This explains in part why timothy seed early in January was selling for about 10 percent less than a year ago and also slightly below the average.

Redtop: With redtop-seed production in 1953 the smallest on record and carry-over second smallest, the supply for sowing last fall and this spring was less than half that of a year ago and only a fifth of the average. The record high prices of this seed, about 50 percent higher than in January 1953 and 80 percent above average, reflect the very short supply not only of this seed but also its closest competitor—Kentucky bluegrass.

Kentucky Bluegrass: The 1953 production of Kentucky-bluegrass seed was second smallest in 7 years and the carry-over was less than a third of average. Consequently the supply of this seed for sowing last fall and this spring was only 39 percent of last year's supply and also 39 percent of average. Currently wholesale prices are nearly $2\frac{1}{2}$ times those of last year and $2\frac{3}{4}$ times the average.

Orchardgrass: The 1953 production of orchardgrass seed was the smallest in 5 years but the carry-over was the largest on record. The supply for sowing during the 1953-54 season, exclusive of imports since July 1, 1953, which have been only about a fifth as large as a year ago, was 7 percent smaller than the domestic supply last year but

about 50 percent above average. If domestic disappearance during the 1953-54 season equals the average of more than 16 million pounds during the last two seasons, additional imports will be required.

Bromegrass and Crested Wheatgrass: Supply of smooth bromegrass seed last fall was a third larger than a year ago and a fifth above average. Although supply of crested-wheatgrass seed was 53 percent larger than a year ago, it was less than half an average supply. Largely because of the above-average crop of smooth bromegrass produced in the United States in 1953, only 40 percent as much was imported from Canada during the last half of 1953 as a year earlier. This occurred notwithstanding that Canada produced a record crop—about 50 percent above average. Currently smooth-bromegrass prices are only about 60 percent and crested wheatgrass 75 percent of the January 1953 prices, and 70 and 85 percent respectively of the average prices.

Sudangrass: The 1953 production of sudangrass seed was the largest in 9 years but the carry-over was the smallest on record. Currently the sup-

ply of this seed is half again as large as last year but only slightly above average. It is about 65 percent larger than the domestic disappearance during the 1952-53 season. Prices are half as high as last year and a fourth below average.

Fescues and Bentgrass: The 1953 production each of Chewings, red, and tall fescue was smaller than in 1952, whereas the 1953 crop of bentgrass set a record. Carry-over of each of these seeds was large and imports during the last half of 1953 were above average. In fact, imports of red fescue from Canada were the largest on record for that period due chiefly to Canada's record production in 1953. Despite large supplies of Chewings and red fescue and bentgrass, prices have held up well. This is attributed to the fact that prices of other seeds used for lawns such as Kentucky bluegrass and redbud have been at record high levels. The low price of tall fescue is due mainly to the fact that the supply, before 500,000 pounds were sold by the Government for export, was twice as large as the estimated domestic disappearance during the 1952-53 season.

George C. Edler

Legume and Grass Seed Supplies¹

KIND OF SEED	AVER- AGE 1942-51	1952-53	1953-54
LEGUMES:			
(1,000 pounds of clean seed)			
Alfalfa.....	94,223	206,570	209,829
Red clover.....	111,737	132,765	121,735
Alsike clover.....	17,069	15,939	20,749
Sweetclover.....	51,051	67,081	51,793
White clover.....	3,946	7,247	3,865
Ladino clover.....	3,635	21,590	26,012
Lespedeza.....	194,062	128,592	79,138
GRASSES:			
Timothy.....	75,050	47,725	35,791
Redtop.....	20,229	9,621	4,249
Kentucky bluegrass.....	26,198	26,115	10,179
Orchardgrass.....	9,644	15,708	14,556
Smooth bromegrass.....	14,255	12,822	17,245
Crested wheatgrass.....	7,467	2,124	3,248
Sudangrass.....	54,172	37,142	56,305
Chewings fescue.....	2,934	5,532	6,340
Red fescue.....	1,553	2,894	3,988
Tall fescue.....	7,297	52,871	53,531
Bentgrass.....	1,872	3,059	3,453

¹ Supply for sowing in the fall of the first year shown and in the spring and summer of the second year. Thus the 1953-54 supply represents the quantity of seed available from the 1953 production and the June 30 carry-overs by growers (where data are available), dealers and the Government for sowing in the fall of 1953 and the spring and summer of 1954.

Outlook Highlights

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much, very soon, as slaughter supplies are expected to increase through March.

Feed Grains

Year-end estimates place the 1953-54 feed supply (including feed grains and other concentrates) at about 170 million tons. This is a little more than last year and is the third largest of record. With fewer animals to be fed, supply per animal unit is 4 percent above 1952-53.

Fats and Oils

Exports of soybeans are at record levels and U. S. demand is strong. With the crop the smallest in 4 years, prices have climbed well above support

levels. Prices of flaxseed have been below support and about 40 percent of the 1953 crop had gone under the government loan program through December 15.

Wheat

About half of the supply of 1,736 million bushels of wheat was under the price support program by December. The reduction in the market supply probably will result in further increases in wheat prices. Prices for high protein hard winter and spring wheat and durum in early January were above support levels but ordinary and low protein hard wheat and soft wheat were well below. The 110 million bushels of wheat exported in July-December, first half of the 1953-54 marketing year, was 45 million less than in the same period last season.

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Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Agricultural Marketing Service. A average of reports covering the United States weighted according to relative importance of district and State]

Commodity	Average		Jan. 15, 1953	Dec. 15, 1953	Jan. 15, 1954	Effective parity price Jan. 15, 1954 ²
	Base period price ¹	January 1947- Decem- ber 1949				
Basic commodities:						
Cotton American upland (pound).....	cents..	\$ 12.4	31.21	29.79	30.73	34.72
Wheat (bushel).....	dollars..	4.884	2.14	2.10	2.01	2.48
Rice (cwt.).....	do.....	1.94	5.38	6.48	5.36	5.41
Corn (bushel).....	do.....	4.642	1.64	1.48	1.41	1.42
Peanuts (pound).....	cents..	4 4.8	10.2	10.9	11.0	13.4
Designated nonbasic commodities:						
Potatoes (bushel).....	dollars..	5.539	1.48	1.92	.699	.691
Butterfat in cream (pound).....	cents..	26.5	71.2	68.3	66.3	65.9
All milk, wholesale (100 lb.) ⁶	dollars..	1.68	4.42	4.84	4.58	4.38
Wool (pound).....	cents..	(⁹)	46.0	51.0	52.2	52.1
Other nonbasic commodities:						
Barley (bushel).....	dollars..	.484	1.37	1.37	1.15	1.16
Cottonseed (ton).....	do.....	25.50	71.60	65.30	53.00	52.00
Flaxseed (bushel).....	do.....	1.60	5.54	3.70	3.66	3.64
Oats (bushel).....	do.....	.311	.852	.821	.767	.779
Rye (bushel).....	do.....	.605	1.82	1.65	1.20	1.17
Sorghum, grain (100 lb.).....	do.....	4 1.21	2.53	2.74	2.21	2.29
Soybeans (bushel).....	do.....	1.00	2.84	2.69	2.81	2.83
Sweetpotatoes (bushel).....	do.....	.988	2.36	3.86	2.46	2.53
Beef cattle (100 lb.).....	do.....	7.50	20.20	19.70	14.80	16.00
All chickens (pound).....	cents..	10.6	29.3	26.5	22.4	23.8
Eggs (dozen).....	do.....	16.6	46.6	45.8	45.5	46.3
Hogs (100 lb.).....	dollars..	7.34	21.90	17.80	22.80	24.60
Lambs (100 lb.).....	do.....	8.16	21.90	20.30	17.30	18.60
Calves (100 lb.).....	do.....	8.28	22.60	22.40	15.80	17.80
Oranges, on tree (box).....	do.....	9 2.29	1.23	1.15	1.16	1.06
Apples (bushel).....	do.....	1.00	2.39	3.21	3.12	3.19
Hay, baled (ton).....	do.....	4 11.87	22.40	26.40	23.00	23.80

¹ Adjusted base period prices 1910-14 used for computing parity prices. Based on 120-month average January 1943-December 1952 unless otherwise noted.

² Parity prices are computed under the provisions of title III, subtitle A, section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948 and 1949.

³ 60-month average, August 1900-July 1914 for all cotton.

⁴ 60-month average, August 1909-July 1914.

⁵ Adjust base period price 1910-14 derived from 10-season average prices 1944-53.

⁶ Prices received by farmers are estimates for the month.

⁷ Preliminary.

⁸ Sufficient data not available at this time for estimating 1953 season average price needed for computation of parity price.

⁹ 10-season average 1919-28.

¹⁰ Transitional parity, 75 percent of parity price computed under formula in use prior to Jan. 1, 1950.

Economic Trends Affecting Agriculture

Year and month	Industrial production (1947-49=100) ¹	Total personal income payments (1947-49=100) ²	Average earnings of factory workers per worker (1910-14=100)	Wholesale prices of all commodities (1910-14=100) ³	Index numbers of prices paid by farmers (1910-14=100)			Index numbers of prices received by farmers (1910-14=100) ⁵			
					Commodities	Wage rates for hired farm labor ⁴	Commodities, interest, taxes and wage rates ⁵	Livestock and products			
								Dairy products	Poultry and eggs	Meat animals	All livestock
1910-14 average.....	-----	-----	100	100	100	100	100	100	100	-----	100
1925-29 average.....	53	-----	232	143	151	184	161	161	155	145	152
1935-39 average.....	54	40	199	118	124	121	125	119	110	117	116
1947-49 average.....	100	100	462	225	240	430	250	275	229	334	292
1950 average.....	112	112	518	232	246	425	256	249	186	340	280
1951 average.....	120	126	563	258	271	470	282	286	228	409	336
1952 average.....	124	133	592	251	273	503	287	302	206	353	306
1953 average.....	-----	-----	-----	247	262	513	279	273	221	298	273
<i>1953</i>											
January.....	34	140	622	247	267	514	284	294	218	303	281
February.....	34	139	620	246	264	-----	281	284	206	305	277
March.....	35	140	627	247	265	-----	282	276	217	301	274
April.....	136	140	622	246	264	508	280	263	219	299	270
May.....	137	141	624	247	264	-----	280	256	218	317	277
June.....	136	142	622	246	260	-----	277	255	213	300	267
July.....	137	142	622	249	261	514	279	261	223	319	280
August.....	136	142	624	248	262	-----	279	265	229	305	276
September.....	133	142	619	249	259	-----	277	275	230	299	276
October.....	132	142	625	248	258	515	276	282	234	273	266
November.....	130	141	624	247	259	-----	277	288	224	267	263
December.....	-----	-----	625	247	260	-----	278	282	218	285	269
<i>1954</i>											
January.....	-----	-----	-----	-----	263	525	282	274	213	309	277

Year and month	Index numbers of prices received by farmers (1910-14=100)								All crops and live-stock	Parity ratio ^a
	Crops									
	Food grains	Feed grains and hay	To-bacco	Cotton	Oil-bearing crops	Fruit	Com-mercial vege-tables	All crops		
1910-14 average	100	100	100	100	100	100	-----	100	100	100
1925-29 average	140	118	169	150	135	146	145	143	148	92
1935-39 average	94	96	172	87	113	91	107	98	108	86
1947-49 average	246	230	384	264	318	183	249	247	271	108
1950 average	224	193	402	282	276	194	211	233	258	101
1951 average	243	226	436	336	339	181	269	265	302	107
1952 average	244	234	432	310	296	191	274	267	288	100
1953 average	231	208	429	268	274	206	240	242	258	92
1953										
January	245	222	419	253	291	220	263	254	268	94
February	241	214	424	256	287	203	275	249	264	94
March	247	215	424	268	291	209	267	252	264	94
April	244	213	424	267	289	207	233	246	259	92
May	242	212	426	269	286	206	259	247	263	94
June	222	204	425	267	280	219	298	246	257	93
July	218	204	426	270	268	193	252	237	260	93
August	215	205	430	278	263	185	207	232	255	91
September	219	207	452	280	251	204	191	235	257	93
October	223	194	439	275	255	189	198	229	249	90
November	229	195	433	269	263	205	218	234	249	90
December	230	205	427	260	269	237	224	238	254	91
1954										
January	233	207	420	254	268	222	271	240	259	92

¹ Federal Reserve Board; represents output of mining and manufacturing; monthly data adjusted for seasonal variation.

² Computed from reports of the Department of Commerce; monthly data adjusted for seasonal variation.

³ Bureau of Labor Statistics.

⁴ Farm wage rates simple averages of quarterly data, seasonally adjusted.

⁵ Revised.

⁶ Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis. Revised to reflect revisions in the Index of Prices Received.

Outlook Highlights

(Continued from page 14)

Vegetables and Fruits

Total production of fresh vegetables this winter is expected to be slightly below a year earlier. However, large stocks of cabbage, onions, and potatoes are in storage. Demand for oranges and grapefruit for canning is expected to be strong during the first half of 1954. Fewer oranges remained to be marketed after the first of the year than in 1953 but supplies of most other fruits were larger.

Cotton

Consumption of cotton in domestic mills has been running below a year earlier; an average daily rate of 32.2 thousand bales for December compared with 36.4 thousand in December 1952. Exports the first 4 months of this season totaled 853 thousand bales, 13 percent less than a year earlier.

Tobacco

About a fourth more tobacco was exported in the first 10 months of 1953 than a year earlier. Most of the increase was due to the fact that Britain postponed shipment of large quantities from the fall of 1952 to the spring of 1953.

Using Machines to Advantage . . .

(Continued from page 8)

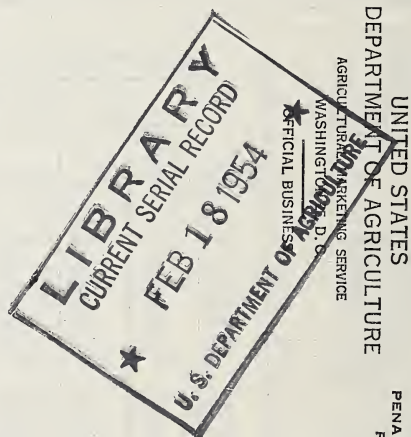
Of course, a farmer might own no machines and hire all his work done. But this would be attractive only for the smallest farms, and it would be profitable for them only if the labor freed by custom hiring could be used productively in other ways.

The best combination for most farmers apparently is to own certain foundation equipment. And then to hire some jobs done. With his own machines such a farmer can also do custom work for his neighbors. This will result in the highest net income. Here again, the advantage would be greatest for small farms.

If two or more farmers owned farm machines jointly, the investment would be smaller for each. One of many kinds of machines could easily do the work on two or more farms. But New England farmers do not take kindly to this type of ownership. Evidently there are problems associated with cooperative ownership that more than offset the economic advantages. Those who own machinery jointly must have special aptitudes for cooperation.

Finally, most commercial dairy farms should have at least a tractor, a manure spreader, and a mowing machine. Small farms of 18 cows and under could profitably hire many other cropping operations done. But as farms increase in size, opportunities to use custom-hired machines economically become fewer. For the large farms, owning most or all of the machines they need is generally most profitable.

Esther M. Colvin



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